

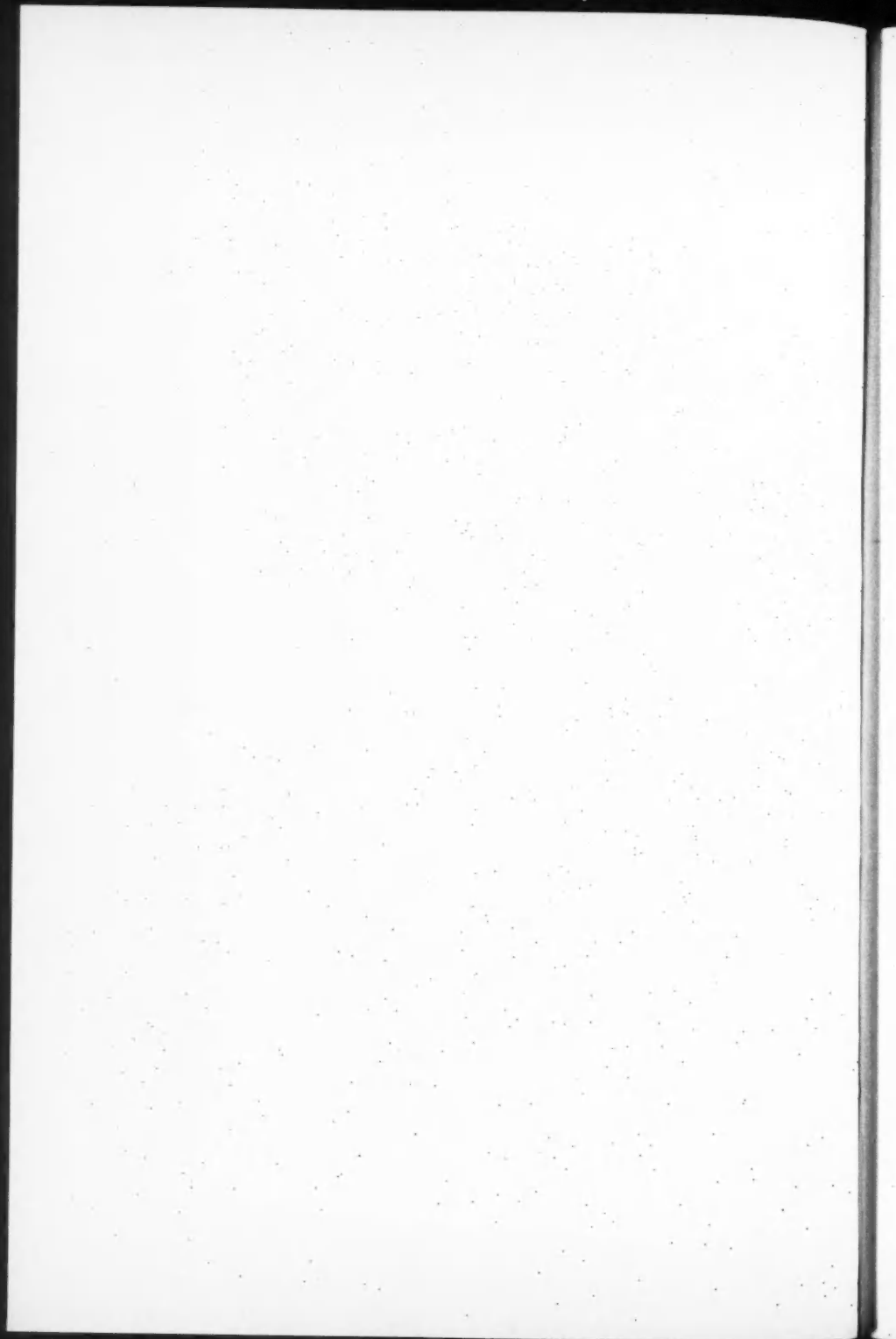
VERSEAS CHINESE

by

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OVERSEAS CHINESE

EMERGENCE of Red China as an aggressive Far Eastern power has raised problems not only for the United States but also for the countries of Southeast Asia where 11 million Chinese reside. The overseas Chinese communities, ranging in size from a mere 30,000 in Laos to around three million in Thailand, constitute distinct social and cultural units within the respective countries. Activities of the Chinese as retailers and middlemen make them the backbone of the economic life of the relatively undeveloped nations in which they live. However, their affinity for the homeland, and the spreading influence of Communist China among them, pose a long-term threat to the integrity of almost every country which they inhabit.

American policy makers are well aware of the threat which the Chinese minorities present. One of the reasons advanced for non-recognition of Red China is that recognition would virtually force the overseas Chinese to support Peiping.¹ Secretary of State John Foster Dulles pointed out on Sept. 25 that general acceptance of the Communist regime would "mean that the influential Chinese communities would increasingly take political guidance from the Communist authorities and become a tool for the overthrowing of now friendly governments." Sen. Paul H. Douglas (D-Ill.) recently emphasized the same danger:

If we recognize Peking, we will have helped to solidify one of the most potent fifth columns in history. The 12 million overseas Chinese living in Southeast Asia will have little choice but to give their allegiance to Red China, and to try to deliver into its control the countries where they have great power: the Philippines, Vietnam, Indonesia, Singapore and Malaya, Thailand, and Burma. And our own citizens of Chinese descent will be subjected to blackmail and coercion, through their relatives in China, by the diplomatic representatives of the Peking regime.²

It has thus been United States policy to support an alter-

¹ See "China Policy," *E.R.R.*, 1957 Vol. II, pp. 545-561.

² Paul H. Douglas, "Should We Recognize Red China?" *New Leader*, July 21/28, 1958, p. 8.

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native regime to which anti-Communist Chinese everywhere can repair. But the ability of the Nationalist government of Generalissimo Chiang Kai-shek to win or even to retain the loyalty of overseas Chinese is now widely questioned. The enhanced economic power and diplomatic prestige of Red China have inspired new respect throughout Asia.

Indonesia took control, Oct. 16, of all schools, social organizations, and business enterprises in that country owned or operated by Chinese giving allegiance to Nationalist China. Although the move was motivated by Kuomintang support of the Indonesian rebels, it was viewed as a major triumph for Peiping. Only about 30 per cent of the Chinese in Indonesia are thought to support Chiang Kai-shek's government, but the action against them will probably alarm Nationalist sympathizers in all the overseas Chinese communities in Asia.

DISTRIBUTION OF CHINESE IN SOUTHEAST ASIA

Somewhere between ten and twelve million Chinese live in Southeast Asia. The number never has been definitely established because (1) the definition of what constitutes a Chinese varies from country to country; because (2) a large volume of illegal Chinese immigration into Southeast Asia, consisting of both anti-Communist refugees and Communist infiltrators, has taken place since World War II; and because (3) the Chinese are notoriously adept at evading official notice.

The importance of the Chinese communities is out of all proportion to their size, however, for throughout the area the Chinese represent virtually the only commercial middle class. The Chinese gravitated early to urban centers where, "through their superior industry, perseverance, and business acumen,"³ they quickly established themselves in the retail trades. It has been estimated that the Chinese control up to one-third of all Burmese trade, from 40 to 85 per cent of Philippine retail trade, 80 per cent of the Thai rice business, about two-thirds of Thai tin and rubber, nearly 85 per cent of all Vietnamese business activities, and virtually all non-European and non-Indian commercial enterprises in Malaya and Singapore.

Overseas Chinese are a valuable economic asset to the

³ Virginia Thompson and Richard Adloff, *Minority Problems in Southeast Asia* (1955), p. 6.

Overseas Chinese

ESTIMATED CHINESE POPULATION OF SOUTHEAST ASIAN STATES *

	Chinese	Total population	Chinese as % of total
Singapore	910,000	1,200,000	76
Malaya	2,300,000	6,000,000	38
British Borneo	250,000	900,000	28
Thailand	3,000,000	20,000,000	15
South Vietnam	1,000,000	12,000,000	8
Cambodia	240,000	4,000,000	5
Indonesia	2,200,000	82,000,000	3
Burma	330,000	20,000,000	2
Laos	30,000	2,000,000	2
Philippines	300,000	22,700,000	1
	10,560,000	170,800,000	6

* Figures, compiled from various sources, are about midway between highest and lowest estimates.

Communist government in China through the monthly remittances that almost all of the Chinese abroad send to their relatives at home. Remittances from Southeast Asia, which in prewar years came to about \$5 million a month, have given Red China one of its largest sources of foreign exchange.⁴ Despite efforts of Southeast Asian countries to limit this outflow of capital, Chinese in Malaya and Singapore alone are now believed to be remitting about \$3 million a month. The Peiping regime has also encouraged investment in the industrial development of China by setting up overseas Chinese investment corporations and promising substantial profits to Chinese in Southeast Asia who buy their shares.

The Chinese communities in Southeast Asia are an asset to Peiping also in its competition with India for Asian leadership. For the Chinese minorities, although feared and resented, are at the same time respected, whereas Indian minorities, especially in Burma and Malaya, have been described as "an active impediment to India in her intermittent efforts to become the political mentor of Burma and other countries to the East."⁵ Compared with caste-bound, unassimilable Indians, overseas Chinese "have shown more public spirit and philanthropy as well as greater solidarity at clan and regional levels."⁶

⁴ *Ibid.*, p. 13. Chinese Nationalists benefit from similar remittances. See p. 800.

⁵ Ferdinand Kuhn, "Commentary on the Influence of Racial Minorities," in Philip W. Thayer, ed., *Nationalism and Progress in Free Asia* (1956), p. 247. There are approximately 1.6 million Indians in Southeast Asia, of whom about 700,000 are in Burma and 800,000 in Malaya and Singapore.

⁶ Virginia Thompson and Victor Adloff, *op. cit.*, p. 64.

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PEIPING CAMPAIGN TO WIN OVER CHINESE ABROAD

Chinese Communists have left no stone unturned to win the wholehearted backing of the overseas communities. The overseas Chinese press, radio, and other communications media have been infiltrated by Communist sympathizers and flooded with material from Red China. Red agents have succeeded in seizing positions of leadership in the benevolent societies to which virtually every overseas Chinese belongs. Playing on homesickness and deep-rooted cultural ties, Peiping has stepped up literary, theatrical, and artistic exchanges wherever possible.

In Burma and Indonesia, where the Peiping government has long been recognized,¹ the Communist task has been greatly facilitated by the presence of large numbers of official Chinese deputies and by the absence of Nationalist representation. In Malaya and Singapore—both British-controlled until Malaya became independent in August 1957—there have been no official Red Chinese delegations, but British recognition of Red China in 1950 strengthened the hand of Communist sympathizers. In countries which continue to recognize Chiang Kai-shek's government—Laos, the Philippines, South Vietnam, Thailand—Communists have had to work under cover.

Because the overseas Chinese are primarily city dwellers, laborers, and traders, the Communists have devoted much effort to gaining control of their trade and economic organizations. Labor unions have been an easy target. Chinese Communist organizers had conspicuous success in winning a grip on the Indonesian national federation of trade unions, and also on the trade unions in Singapore.

Local Chinese chambers of commerce, which have customarily supplied leadership for the Chinese communities, have been under growing pressure to follow the Red line. To discourage resistance from these groups, where hostility to Communist economic theory is usually strongest, the Reds have not hesitated to employ the weapon of assassination. Economic pressures are widespread, especially in Burma and Indonesia where management of local branches of Chinese banks has passed to Peiping hands. In Burma, for example, it has been noted that:

To get a loan, a Chinese who has two guarantors must do only three things: promise to send his children to a Chinese school

¹ Burma recognized Communist China in 1949, Indonesia in 1950. Cambodia recognized Peiping last July.

Overseas Chinese

loyal to Red China, fly the flag of the Chinese People's Republic on specified days, and not employ any anti-Communist Chinese. Since the Chinese bookkeepers and accountants union is completely Communist, the Embassy and Chinese banks can learn the true financial condition of almost any company.⁸

Communities of overseas Chinese are subject to other forms of pressure. Nationalist as well as Communist sympathizers are often forced, under threat of violence, to contribute to Red fund-raising campaigns.

RED PROPAGANDA ACTIVITY AMONG THE STUDENTS

Chinese Communists have made a special effort to reach overseas Chinese students. Young and idealistic but well-indoctrinated teachers, introduced into Chinese schools throughout the area, frequently dispense with the classic curriculum to discourse on Communism. Sometimes Communist agents, up to the age of 30, enroll in the schools as students in order to set up pro-Communist organizations. Textbooks, pamphlets, and exhibits are offered by Peiping, and subsidies are available to institutions agreeing to promulgate Communist doctrines. As a result:

In Indonesia, Malaya, and Singapore, Communist agents appear to have captured the Chinese school systems and they have gone a long way toward this goal in Burma. In Singapore, the almost hysterical patriotism of Chinese youths has made them a ready instrument of Communist pressure against the government of that colony.⁹

The Communists have also made strong appeals to overseas Chinese students to go to China for the university training that until recently was not available elsewhere in Asia. Between 1953 and 1956 about 6,000 students annually went to Red China to study. The number was only half as large in 1957, in part because of the disillusionment of earlier students and in part because Peiping found the universities overcrowded and the overseas students too independent-minded.

The strongest factor in Red China's appeal to overseas Chinese is believed to be not Communism but nationalism. In the words of one authority on Asian affairs: "The rise of the Peking regime satisfies deep-seated nationalist ambitions among the Chinese at home and abroad; for the first time in more than a century, a weak and dismembered

⁸ Frank Trager, ed., *Burma* (Human Relations Area Files, 1956), p. 96.

⁹ C. Martin Wilbur, "Southeast Asia Between India and China," *Journal of International Affairs* (No. 1, 1956), p. 89.

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China, a prey to odious foreign intervention and internecine civil strife, has become strongly united and is well on the way to modernization."¹⁰ Even such a small matter as the influx into Southeast Asia of manufactured goods from China has stimulated pride in the Red regime. A Burmese writer has concluded that the apparent growth of support for the Reds among overseas Chinese stems not only from Communist pressures but also from "an indifference to ideology as long as the local Chinese can identify himself with a great and powerful country."¹¹

COUNTEROFFENSIVE OF THE CHINESE NATIONALISTS

The Chinese Nationalist government on Formosa has devoted considerable effort since 1954 to a counteroffensive among the Chinese minorities. Cultural and trade missions have been exchanged with friendly countries of Southeast Asia. Tours through that region have been arranged for soldiers from Red China who surrendered during the Korean War and refused repatriation and for anti-Communist refugees from the mainland. Formosa information services constantly emphasize the hardships of Communist rule. Nationalist invitations to overseas Chinese youth to attend universities on the island have brought about 2,000 students a year from Southeast Asia—fewer than the number going to Red China but a steadily swelling group.¹²

Overseas Chinese have continued to send remittances to relatives in Quemoy, Matsu, and other Nationalist offshore islands whence many of them emigrated. They have also transmitted substantial sums to Formosa for investment. The Nationalists have reported that about \$24 million was invested on the island during the last six months of 1957 by Chinese who live in Southeast Asia.

Nationalist efforts to retain the sympathies of the overseas Chinese have been impeded, however, by the tendency common to Chinese minorities to refrain from taking sides or to bet on both sides until the outcome of any political rivalry is clear. A student of Chinese politics pointed out in 1954 that "Although it is probably safe to estimate that

¹⁰ Justus M. van der Kroef, "China in Southeast Asia," *Current History*, December 1957, p. 350.

¹¹ U Myat Kyaw, "Indians and Chinese in Burma," *Atlantic Monthly*, February 1958, p. 161.

¹² Nearly two-thirds of the students have come from Hong Kong and Macao, strongly anti-Communist British enclaves on the east China coast. The Communists and most impartial observers do not consider inhabitants of Hong Kong and Macao overseas Chinese, since both places are geographically a part of the Chinese mainland.

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about 75 per cent of the overseas Chinese prefer the politics of Formosa to Communism, it is probably also true that 75 per cent feel that it is always best to be on good terms with whomever controls the homeland and the native district." ¹³

Overseas Chinese and Changes in China

THE FIRST Chinese traders moved into Southeast Asia (known to the Chinese as the Nanyang or South Seas) in pre-Christian days, but they did not remain as residents. Permanent Chinese settlement began under the Ming dynasty (1368-1644) and increased steadily under the Manchu dynasty (1644-1911). However, the number of early emigrants was small. Strong filial ties of the people to the land of their ancestors were reinforced by a government prescription of beheading for all who consorted with "outside barbarians." "Only those who were forced by dire necessity left their native villages, and they were regarded as outcasts and vagabonds." ¹⁴

GROWTH OF CHINESE EMIGRATION TO SOUTHEAST ASIA

European colonial policies provided the impetus for large-scale Chinese emigration southward in the late 19th and early 20th centuries. British, French, Dutch, and Spanish conquests established order in Southeast Asia and created a new demand for traders and coolie laborers. Although policies varied in different places and under different administrators, the colonial powers generally welcomed the Chinese because they quickly made a place for themselves in entrepreneurial roles for which the native peoples were not prepared. By virtue of their commercial skills, the Chinese came to occupy a relatively privileged place between the European élite and native laborers.

Eventually, however, colonial administrators grew apprehensive over the increasing numbers of Chinese. They feared that their high birth rate and rapid economic progress might result in holding back the native peoples, espe-

¹³ Lucian W. Pye, *Some Observations on the Political Behavior of Overseas Chinese* (1964), pp. 4, 24.

¹⁴ Victor Purcell, *The Chinese in Southeast Asia* (1951), p. 33. Not until 1860 did the Chinese government recognize the right of its nationals to emigrate freely.

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cially on the Malay peninsula. Most governments prohibited the Chinese from acquiring land and assigned them to segregated living quarters.

The Chinese in Southeast Asia continued to use the Chinese language, to form close social and fraternal organizations based on their place of origin in China, to educate their children in the culture of China, to venerate their Chinese ancestors, to send sizable remittances to relatives still living at home, and in general to regard their sojourn abroad, however long, as merely temporary. "Overseas Chinese," it has been noted, "have an astounding ability to remain incorruptibly Chinese in whatever circumstances they encounter. They are always sufficient unto themselves, with a faculty for creating their own environment, adjusting themselves to and making the best of whatever government they live under."¹⁵

Only in Thailand, never under western rule, was there any conspicuous assimilation of Chinese with those around them. Thai families were eager to find Chinese husbands for their daughters, because Chinese business acumen promised security for the whole family. In Thailand, and also in Burma and Cambodia, the common Buddhist tradition made intermarriage possible. In Moslem countries like Malaya and Indonesia, and in a Catholic country like the Philippines, Chinese remained sharply differentiated from the local inhabitants.

KUOMINTANG'S EARLY WOOING OF OVERSEAS CHINESE

The tendency of overseas Chinese to maintain a separate identity was intensified around the turn of the century by an influx of new immigrants, including women, from China. Chinese intermarriages with local women became rarer. This was the period, moreover, when European and Japanese appropriation of concessions in China was arousing a new sense of Chinese nationalism. Most of the recruits to the communities of overseas Chinese took great interest in political events at home and inspired among their fellow countrymen an even stronger loyalty to China than had been felt earlier.

After the Manchu dynasty was overthrown late in 1911, overseas Chinese became firm supporters of Sun Yat

¹⁵ University of Chicago, *The Philippines* (Human Relations Area Files, 1955), p. 311.

Overseas Chinese

Sen and the three Kuomintang principles of nationalism, democracy, and people's welfare (Socialism). As a leading authority stated:

It was in the Nanyang that the revolutionaries had found much of their early encouragement, both moral and financial. The overseas Chinese supported the Kuomintang and for their educational drive they adopted *Kuo Yu*, the National language, as the medium of instruction. Everywhere in Indonesia, Malaya, Siam, Indo-China, Burma, and the Philippines, Chinese of all ages, but especially the children attending Chinese schools, were reminded day in and day out that they were members of a "single pure race" and were citizens of *Chung Hua Min Kuo*, the Middle Flowery People's Kingdom.¹⁶

Following World War I, the Kuomintang tried to gain control of all overseas Chinese organizations and weld them together in loyalty to the Nationalist cause. Communists began at the same time to seek support from the lower classes of Chinese abroad. Both endeavors were displeasing to governmental authorities in Southeast Asia.

EFFECT ON OVERSEAS CHINESE OF EVENTS IN CHINA

World War II shook the cohesion of overseas Chinese communities. Japanese forces occupied all of Southeast Asia except Thailand and took pains to stir up native resentment of the Chinese. Wealthy Chinese businessmen usually managed to bribe their way to some sort of security. But large numbers of poorer Chinese joined the Chinese Communist guerrilla forces.

When Nationalist China attained great-power status at the end of the war, with a permanent seat in the United Nations Security Council, Chinese throughout Asia were proud of their country's new prestige. But dissipation of the Chiang Kai-shek government's energies in the continuing struggle with the Communists was reflected throughout the overseas Chinese settlements. Overseas Chinese hopes for a strong Chinese government were dashed at the very time that nationalist movements in other Asian countries were beginning to challenge the position of the Chinese as well as the Europeans in their midst.

Victory of the Communists in China was greeted ambivalently by the Chinese abroad. Many of the overseas Chinese at first showed admiration for the Peiping government's rapid establishment of order and control throughout

¹⁶ Victor Purcell, *op. cit.*, p. xxxi.

China. However, when Chinese "volunteers" intervened in the Korean War and Red China became an object of world opprobrium, some overseas supporters of the Chinese Communists had second thoughts.

Suspicion of the Reds deepened when it became clear that Peiping expected the overseas Chinese to supply most of the foreign exchange needed to support hostilities in Korea. Chinese abroad began to receive letters from relatives in China asking for large sums of money and warning that the writers would suffer if the funds were not transmitted promptly. Even Chinese in the United States were subjected to this type of extortion. It was soon discovered that to comply with the requests did not necessarily protect relatives in China; the larger the remittance, the larger the portion appropriated by the Communists for themselves.¹⁷

COMMUNIST CHINA AND OVERSEAS TERRORIST ACTIVITY

While the majority of overseas Chinese have been victims rather than villains of Chinese Communist activities, a few have played an active role in furthering Red aims at the expense of peace and stability in their adopted countries. Most conspicuous are the guerrilla fighters in Malaya and the Philippines, now almost vanquished but who for nearly ten years threatened to overwhelm both countries.

Malayan terrorists, more than nine-tenths Chinese, represented the remnant of the Communist-dominated guerrilla forces which harassed the occupying Japanese army. During the war they received hasty training and some weapons from the British. In June 1948, after a brief interlude in which the Malayan Communist Party tried to achieve supremacy by political action and strikes, the Communists opened a terrorist campaign. Their aim was to paralyze the rubber and tin production on which Malaya depended and to bring about a mass uprising against the British.¹⁸

The guerrillas, believed to number fewer than 5,000 in 1948, consisted primarily of immigrants from China, teenage recruits from Chinese private schools, and adventurers eager for plunder. According to testimony of terrorists

¹⁷ The Peiping government announced in December 1952 that overseas Chinese sending remittances would be divided into three groups: rich, middle class, and poor. Those receiving remittances from persons in the first two categories were required to report the total received since 1946.

¹⁸ See "Red Terrorism in Malaya," *E.R.R.*, 1952 Vol. II, pp. 505-522.

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who have surrendered or been captured, the main appeal of the Communist organization was Chinese nationalism. Most of the recruits apparently "expected to find in Communism a chance to associate with the élite element among the Chinese community."¹⁹

Although the majority of the Chinese in Malaya did not support the insurrection, they did not actively help the British and Malays to put it down. About half a million Chinese immigrants, living illegally along the edges of the jungle, created a special problem. Partly from sympathy, partly from fear, these squatters provided food, intelligence and recruits for the terrorists.

The British authorities failed to crack down on the rebels effectively until early in 1952, when Sir Gerald Templer was appointed British High Commissioner. By that time most of the squatters had been forcibly resettled, and awarded land of their own,²⁰ in areas where they could be kept fully under British surveillance. Last year the Communists were considered sufficiently under control to permit the transfer of sovereignty from Great Britain to an independent Malayan federation.

A similar type of Communist-inspired rebellion flourished in the Philippines, with Chinese encouragement, from 1945 until 1956. The Philippine guerrillas, called Huk-balahaps or Huks, had, like the Malayan fighters, been hastily organized under Communist leadership to resist the Japanese during the World War II occupation. It is believed that, following completion of the Communist conquest of mainland China in 1949, a sizable number of Chinese Communist agents entered the Philippines to advise and assist the Huks. Although most of the settled Chinese in that country kept out of local politics, they were under pressure from Peiping and from local Communists to back the Huk movement.

In Burma and Indonesia, where Communist revolts took place in 1948, the Chinese communities as a whole held aloof, though individual overseas Chinese Communists as well as numerous agents from China participated. Later in Indochina many Chinese fled to the south when native Communists, with help from Red China, took over North

¹⁹ Lucian W. Pye, *Guerrilla Communism in Malaya* (1956): p. 228.

²⁰ It was hoped that land ownership would make the Chinese loyal to an independent Malaya.

Vietnam. Overseas Chinese avoided involvement also in the separatist tribal rebellions which Red China encouraged in northern Burma.

Treatment of Chinese in Southeast Asia

SINCE the Bandung conference in 1955, the Peiping regime has disclaimed any intention of intervening in the internal affairs of other states. In an address to the Chinese of Burma, Dec. 18, 1956, Red Premier Chou En-lai declared: "Our government calls on our compatriots to observe the laws of the country of residence and respect its customs, habits, and religions. . . . We will not recruit members of the Chinese Communist Party or of other Chinese democratic parties or groups among overseas Chinese."

Peiping's conciliatory gestures have nevertheless been accompanied by a steady increase in Communist propaganda directed at the overseas Chinese and by separatist appeals to other minority groups in Burma, Laos, and Thailand. To minimize the Chinese threat from within and at the same time satisfy long-term native resentment of Chinese creditors, many Southeast Asian governments have initiated policies which discriminate against the Chinese. Chinese immigration has been limited, Chinese economic activity restricted, Chinese political status questioned, and Chinese schools investigated.

RESTRICTIONS ON THE IMMIGRATION OF CHINESE

Chinese immigration became an acute problem in Southeast Asia immediately after World War II. Civil war in China, promise of economic betterment elsewhere, and dislike of Communism led thousands of Chinese to trek southward between 1946 and 1950.

The local governments, both native and colonial, became alarmed. In Thailand, where more than 160,000 Chinese immigrants settled in 1945 and 1946, the government in 1947 set a quota of 10,000 a year and reduced it to 200 in 1949. After the number of city-dwelling Chinese in Vietnam had virtually doubled, between 1946 and 1950, the French forbade any Chinese to enter without a French visa. For Malaya and Singapore the British set and en-

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forced a rigid ban on Chinese immigration. The Indonesian and Philippine governments both fixed immigration quotas.

LEGISLATION TO LIMIT CHINESE ECONOMIC POWER

Chinese economic power has been the chief source of native resentment in the countries of Southeast Asia and the main target of restrictive legislation. Most of the independent governments of the region have tried to limit Chinese business operations in some way.

In Thailand, as early as 1938, foreigners were excluded from about 40 occupations, including food, fuel, and meat marketing. Government rice and salt monopolies were established, and high taxes were slapped on foreigners. The Chinese community was hit hard. But the long-run effect of the anti-Chinese measures, which were dropped after the war and then briefly reimposed in 1952 and 1953, was considerably mitigated by the fact that Chinese could easily acquire Thai citizenship or transfer legal ownership of business enterprises to Thai friends or relatives.

Government rice monopolies were set up after World War II in Burma and Indochina. Burma also nationalized the liquor and pawnbrokerage businesses. The Philippines passed a Retail Trade Nationalization Act in 1954 aimed at gradual exclusion of Chinese from all retail trade. Indonesia followed an unofficial policy of discrimination, especially resented by the Chinese because it was directed against all members of the Chinese race regardless of whether or not they were citizens of Indonesia.

Even in Malaya, where the government of the federation has recognized that it needs to nourish Chinese loyalty, Chinese (and Indians) have been indirectly discriminated against by granting of special economic rights to the Malays. Only Malays, for example, are allowed to own land in a number of extensive reservations. Four-fifths of civil service entrants must be Malays. Licenses to engage in various businesses involving transport of persons or goods are awarded on a quota basis which favors Malays.

Few of the anti-Chinese measures put into force in Southeast Asia have accomplished their purpose. An attempt to limit Chinese activity in South Vietnam illustrates the difficulties likely to be encountered. President Ngo Dinh Diem announced in September 1956 that, after a

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transition period, no Chinese nationals were to work in various pursuits. The Chinese thereupon withdrew their savings from the banks, the free market value of Vietnamese currency dropped sharply, tax receipts fell, and the country's whole economy was shaken. By the summer of 1957, President Ngo was forced to yield; Chinese merchants were allowed to reopen their shops on a promise to take Vietnamese citizenship, Vietnamese partners, or Vietnamese wives in whose names the stores would be placed.²¹

The conclusion reached by most observers was that anti-Chinese legislation in Asia could not be successful until the native peoples were ready to take over the parts played by the Chinese. A study of restrictive laws in the Philippines disclosed that:

Legislation against the Chinese appears to slow down the economic development of the country without lowering the economic importance of the Chinese. It diverts Philippine interests from more important economic problems and makes Chinese business men resort to bribery in order to overcome unfavorable laws.

"The recent laws have played into Communist hands," the authors concluded, "by inducing many Chinese to turn in exasperation to Red China for hope in a situation that is taxing their resourcefulness to the breaking point."²²

FRICION OVER NATIONALITY OF OVERSEAS CHINESE

Anti-Chinese sentiment in Southeast Asian countries has been increased by persisting conflict over the nationality question. Around one-half of the Chinese in Southeast Asia today were born in the countries where they now live. But the Nationalist Chinese government has steadily maintained that all children of Chinese parents, wherever born, are Chinese citizens and owe allegiance only to China. During the interwar years, the Kuomintang went so far as to circulate ballots among overseas Chinese for election of representatives to the national legislature—despite strong objections from the countries where the Chinese resided. It is only within the last two years that the Nationalists have reluctantly agreed, under strong U.S. urging, that Chinese may legally choose another nationality.

Communist Premier Chou En-lai has moved in the same

²¹ Bernard B. Fall, "Viet-Nam's Chinese Problem," *Far Eastern Survey*, May 1958, pp. 66-72.

²² Yale University, *The Philippines* (Human Relations Area Files, 1955), p. 315.

direction. He concluded an agreement with the Indonesian government at Bandung in 1955 to the effect that all persons with dual Indonesian and Chinese citizenship might choose between the two over a two-year period. Those who did not do so were automatically to hold the citizenship of the father, or, if unknown, of the mother.

Although Chou En-lai had made a concession from the Chinese point of view, the agreement stirred considerable protest in Indonesia, from Indonesians and Chinese alike. Indonesians resented the fact that those Chinese who failed to take any action, likely to be the majority, would become citizens of China. Persons of Chinese descent, many of whom thought they had already acquired Indonesian citizenship, feared their status was in jeopardy.²³ Adherents of Nationalist China, moreover, had no choice but to become Indonesian citizens or citizens of Red China. However, the agreement has not been strictly enforced.

Elsewhere in Southeast Asia the issue remains unsettled. Burma and Thailand have promulgated citizenship regulations and required all Chinese aliens to register, but few of the Chinese have done so. In Malaya, on the other hand, where the Chinese represent nearly one-half of the population, citizenship qualifications and therefore voting rights have been rigged in such a way as to limit Chinese eligibility. The authorities in Malaya are afraid to allow the Chinese equal political power, lest the Malays be completely submerged, but their policy of favoring even newly arrived Malay immigrants from Indonesia over long-settled Chinese has done little to encourage Chinese loyalty to the Malayan state.

South Vietnam has taken a strong stand on the nationality issue and on economic nationalization. President Ngo Dinh Diem proclaimed in August 1956 that all Chinese born in Vietnam were to be considered Vietnamese citizens. The Chinese strongly objected to the lack of choice, even though acquisition of Vietnamese citizenship protected them from economic discrimination. They appealed to the Chiang Kai-shek government, the only Chinese authority recognized by South Vietnam. The Nationalists offered to transport all who wished to remain Chinese to Formosa,

²³ An Indonesian nationality law of 1950 had provided that all Chinese who were Dutch citizens were automatically to acquire Indonesian nationality unless they registered with the Chinese embassy as aliens. Only about half a million of the two million Chinese in Indonesia had registered by 1955.

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but neither the Vietnamese nor the Chinese were satisfied. About 3,000 Chinese departed for Formosa in mid-1957, but the Chinese born in Vietnam who elected to stay there, thus tacitly becoming citizens, can hardly all be counted as loyal.

REGULATION OF PRIVATE SCHOOLS FOR THE CHINESE

The heart of the problem of Chinese loyalties, observers agree, lies in the Chinese schools. The Chinese have traditionally respected learning. From the height of the colonial era to the present, overseas Chinese communities have established and supported private Chinese schools where their youngsters study Chinese language and literature. Traditionally, the first sentences they learn to write are: "I am Chinese. I live in the Nanyang. I love China."

Thailand took the lead in regulating Chinese education under a law of 1919 which required that all teachers know how to speak Thai and that all schools teach Thai at least three hours a week. During World War II, Thailand closed all except two of nearly 300 Chinese schools in the country. After the war the Chinese succeeded in setting up more than 400 new schools, with ten times as many pupils as before, but enforcement of Thai laws enacted in 1948 to curb Communist propaganda has resulted in the closing of nearly 250 Chinese schools in the past decade.

Efforts to regulate Chinese education elsewhere in Southeast Asia came later and have been less effective than in Thailand. The Republic of the Philippines has required registration of Chinese schools and prescribed teaching requirements, but many of the schools are believed not to conform to the requirements. Vietnam in 1956 prescribed Vietnamese as the language of school instruction. Cambodia has tried, with limited success, to prevent opening of new Chinese schools and to block Communist propaganda in the existing schools.

Indonesia imposed no restrictions on Chinese schools until 1952, when Communist agitation among the pupils became too blatant to ignore. Several Chinese schools were then closed, books seized, and Communist Chinese teachers deported, but pressure from the large Peiping diplomatic corps in Indonesia and from the Indonesian Communist Party virtually nullified the government restrictions; now it is the Chinese with Nationalist leanings who are in

government disfavor. Burma was the least active of South-east Asian countries in regulating Chinese schools. As a result, the field was left "open for a contest of strength between the pro-Kuomintang and pro-Peking elements and by 1950 the latter had won hands down."²⁴

Chinese education has created the biggest problem in Malaya and Singapore. After the war, British administrators sought to devise an educational framework that would strengthen loyalty to Malaya and at the same time satisfy Malayan, Chinese, and Indian demands. A report by the Barnes Commission in 1950 called for gradual abolition of all Chinese schools except those teaching in the Malayan vernacular. The Chinese protested and the Fenn-Wu Commission, formed in 1951 to make a new study, concluded that the Chinese schools should not be eliminated until the Chinese themselves considered them no longer necessary—which could only be when the Chinese in Malaya looked on themselves as Malays rather than as Chinese. A special committee studying the financial implications of broad national education came "to the unanimous conclusion that multiracial national schools were 'essential' but out of the question because there was not enough money to pay for them."²⁵

A compromise settlement was finally reached in 1956 on the basis of a fourth study, the Razak report. The Razak plan called for continuation of separate language schools with Malay as a compulsory subject and with a common Malayan-oriented syllabus. Chinese schools were to be eligible for government aid only if they conformed to government standards and altered their frequently pro-Communist "China-consciousness."

In Singapore, more than one-half of whose inhabitants are under 22 years of age, education has become a source of political discord between the right and left wings of the Chinese community. Students of the Chinese middle (secondary) schools have formed an alliance with the Communist-dominated trade unions. They rioted in protest against labor restrictions imposed in 1955 and against government efforts to control the school curriculum in 1956.

Lim Yew Hock, now Chief Minister of Singapore, arrested

²⁴ Virginia Thompson and Victor Adloff, *op. cit.*, p. 56.

²⁵ Lennox A. Mills, *Malaya: A Political and Economic Appraisal* (1958), p. 106.

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and deported many of the offenders and urged legislation to bring the schools completely under government control. However, the Communist-controlled Peoples Action Party, which was victorious in city council elections in December 1957 and July 1958, has vigorously backed the insubordinate Chinese students. The P.A.P.'s ultimate goal is believed to be union of Singapore, which is scheduled to become independent in March 1959, with the Federation of Malaya. Attainment of that objective might enable left-wing Chinese to dominate the whole peninsula.²⁶

CONDITIONS FOR SOLVING CHINESE MINORITIES PROBLEM

Two conditions are necessary for peaceful settlement of overseas Chinese problems. In the words of Victor Purcell, who has spent a lifetime studying the Chinese communities of Asia:

The only promise of a happy solution of the Chinese minority question is that the local governments will offer the minorities sufficient inducement in the form of equality of citizenship, security of land tenure, and in otherwise giving their members a stake in the country to persuade them to merge into the general population, and that simultaneously the Chinese government will remove all grounds for suspicion that it intends to utilize the Chinese minorities as fifth columns in aid of a new Chinese imperialism.²⁷

Neither condition appears likely to be met in the near future. The only countries that have encouraged Chinese assimilation, in even a limited way, are Thailand and, very recently, Malaya. Elsewhere, newly stimulated local nationalism and the heavy cost of establishing a universal national school system have reinforced policies which discriminate against Chinese residents.

The overseas Chinese themselves, regardless of ideology, have responded to Communist successes in China with growing satisfaction. Restrictive legislation abroad has made them turn all the more readily to Peiping for protection. American observers have little confidence that Red China will refrain from using these reactions to further its own ends. The hope is that aggressive Chinese Communist proselytizing among the overseas Chinese will force Southeast Asian countries to adopt more constructive policies toward the Chinese in their midst.

²⁶ Singapore was excluded from the federation in the first place because its admission would have given Malaya more Chinese than Malaya. Chinese make up 80 per cent of Singapore's population of more than a million persons.

²⁷ Victor Purcell, "The Influence of Racial Minorities," in Philip W. Thayer, ed., *Nationalism and Progress in Free Asia* (1956), p. 244.

